



Texas Department of Family and Protective Services

Commissioner
H. L. Whitman, Jr.

August 31, 2018

Ms. Sarah Hicks, Budget Director
Governor's Office of Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701

Mr. John Colyandro, Policy Director
Office of the Governor
1100 San Jacinto, 4th Floor
Austin, Texas 78701

Ms. Ursula Parks, Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Ms. Hicks, Mr. Colyandro, and Ms. Parks:

Enclosed is the agency's FY 2018 Financial Report as of July 2018. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

BUDGET ADJUSTMENTS

The budget adjustments listed below apply to the appropriation year 2018 as of the end of July 2018. Adjustments to Department of Family and Protective Services (DFPS) appropriation pattern as detailed in the Conference Committee version of H.B.1, 85th Legislature, Regular Session are described below.

- A. This adjustment reflects the appropriation adjustment pursuant to Art II, Rider 33, Contingency for Senate Bill 11, Provision of Child Protective Services and Other Health and Human Services by Certain State Agencies or Under Contract with a State Agency.

- B. This adjustment reflects the appropriation adjustment pursuant to Art II, Rider 47, Contingency for Senate Bill 1208, Licensing of Certain Facilities, Homes, and Agencies that provide Child-Care Services.
- C. This adjustment reflects transfers between appropriations within 20 percent limitation to cover projected expense pursuant to 85th Legislature, SB1 Art IX, Sec 14.01(a), Appropriation Transfers (2018-19 GAA).
- D. This adjustment reflects transfers between non-capital and capital budget items pursuant to the 85th Legislature, SB1 Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2018-19 GAA). *[See Schedule 8 for project detail]*

- E. Pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants, adjustments have been made to align federal funds/block grants and re-budget federal funds/block grants between FY18 and FY19. Total amounts by CFDA are listed below. Items with changes from the prior month are shaded below.

93.575-Child Care and Development Block Grant \$15,164,285
93.505.001-MIECHV \$435,283
93.556.001-Title IV-B, Part 2 Promoting Safe and Stable Families (\$419,259)
93.556.002-Title IV-B, Part 2 Promoting Safe and Stable Families-CWV \$32,441
93.590-Community-Based Child Abuse Prevention Grants (\$175,042)
93.599-Title IV-E Chafee Education and Training Vouchers Program ETV (\$76,075)
93.603-Adoption Incentive Payments (\$5,890,665)
93.669-Child Abuse and Neglect State Grants (\$146,763)
93.674-Chafee Foster Care Independence Program (\$626,925)
93.870-MIECHV (\$112,000)

- F. This adjustment reflects changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements. Updates in projections affected these sources. Total amounts by CFDA are listed below. Items with changes from the prior month are shaded below.

93.090.050-Title IV-E Guardianship Assistance - Administration (\$431,046)
93.090.060-Title IV-E Guardianship Assistance - FMAP \$305,103
93.658.050-Title IV-E Foster Care - Administration \$23,320,034
93.658.060-Title IV-E Foster Care - FMAP (\$35,527,212)
93.658.075-Title IV-E Foster Care-Training-75% (\$2,531,976)
93.659.050-Title IV-E Adoption Assistance - Administration \$1,691,980
93.659.060-Title IV-E Adoption Assistance - FMAP (\$700,680)
93.659.075-Title IV-E Adoption Assistance-Training-75% (\$9,334)
93.778.003-Medical Assistance Program 50% \$864,213

Ms. Sarah Hicks
Mr. John Colyandro
Ms. Ursula Parks
August 31, 2018
Page 3

G. This adjustment reflects the appropriation adjustment pursuant to Art IX, Sec. 18.02, Contingency for House Bill 7, Child Protective Services Suites, Motions, and Services and to the Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services. [See Schedule 1a for strategy detail]

H. Pursuant to Art IX, Sec 14.01 (e)(2) Appropriation Transfers (letter dated September 7, 2017), this adjustment reflects transfers between appropriations resulting in an increase to the Indirect Administration Goal. [See Schedule 1a for strategy detail]

I. Pursuant to Art II, Rider 13, Limitation on Transfers: CPS and APS Direct Delivery Staff, the adjustments reflect transfers between appropriations (letters dated September 7, 2017, and June 18, 2018). [See Schedule 1a for strategy detail]

J. This adjustment reflects changes in estimated interagency contracts pursuant to Art IX, Sec 8.02, Reimbursements and Payments.

K. Pursuant to Art II, Special Provisions, Sec. 6, Limitations on Transfer Authority, this adjustment reflects the transfer of appropriations and FTE authority for Child Care Investigations (letter dated November 21, 2017).

L. Pursuant to Art II, Rider 10, Appropriation Transfer Between Fiscal Years, this adjustment reflects the carry back of General Revenue funds from fiscal year 2019 to fiscal year 2018 in Strategy B.1.9, Foster Care Payments (letter dated June 18, 2018).

M. Pursuant to Art IX, Sec 13.10, Temporary Assistance for Needy Families (TANF), this adjustment reflects the realignment of TANF funds from Strategy B.1.11, Relative Caregiver Payments, to Strategy B.1.9, Foster Care Payments (letter dated April 19, 2018).

N. Pursuant to Art II, Rider 6 (a), Foster Care Rates (2018-19 GAA), this adjustment reflects the transfer of General Revenue out of Strategy B.1.9, Foster Care Payments (letter dated April 19, 2018).

O. Pursuant to Art II, Rider 23, Limitation on Transfers: Adoption Subsidies, PCA Payments, and Relative Caregiver Payments, this adjustment reflects the transfer of General Revenue into Strategy B.1.11, Relative Caregiver Payments (letter dated April 19, 2018).

S. Pursuant to Art IX, Sec 14.01 (e)(1) Appropriation Transfers, this adjustment reflects transfers from one appropriation item to another appropriation item within the same Indirect Administrative goal without limitation as to the amount of such a transfer.

Ms. Sarah Hicks
Mr. John Colyandro
Ms. Ursula Parks
August 31, 2018
Page 4

BUDGET VARIANCES

Schedules 1, 4, and 5 of this report reflect the agency's current projections for program expenditures as well as the forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program as reported in the 2018-19 Base Reconciliation. Projections for entitlement programs will be updated to reflect the 2020-21 LAR forecast in the August report.

This report reflects an agency lapse of \$15.4 million All Funds consisting of a lapse of \$8.4 million in General Revenue and \$3.8 million in Federal Funds. In addition there is an estimated lapse of \$3.2 million Other Funds that will not be drawn or collected.

- Appropriations that are anticipated to result in lapsed budget authority are expressed as a positive variance:
 - 0001 General Revenue
 - 0758 - GR- Medicaid Match
 - 93.558 - Temporary Assistance to Needy Families (TANF)
 - 93.599 - Title IV-E Chafee Education and Training Vouchers Program ETV
 - 93.090.050 - Title IV-E Guardianship Assistance – Administration
 - 93.658.050 - Title IV-E Foster Care – Administration
 - 93.659.050 - Title IV-E Adoption Assistance – Administration
 - 93.674 - Chafee Foster Care Independence Program
 - 93.778.003 - Medical Assistance Program 50%
 - 0666 - Appropriated Receipts
 - 0777 - Interagency Contracts

Based on current projections, the agency anticipates estimated general revenue shortfalls in Goal B (Child Protective Services). The projected general revenue variances are summarized as follows:

- Entitlement Programs - \$7.6 million shortfall
- Non-Entitlement Programs - \$16.0 million lapse

Ms. Sarah Hicks
Mr. John Colyandro
Ms. Ursula Parks
August 31, 2018
Page 5

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This is the Eleventh Monthly Financial Report for FY 2018. This report reflects projections in line with the 2018-19 Base Reconciliation, as well as updated expenditures and revenues. Projections for entitlement programs will be updated to reflect the 2020-21 LAR forecast in the August report.

OTHER KEY BUDGET ISSUES

This report reflects approvals received for RTEs addressing the realignment of TANF within Entitlement Programs to avoid lapsing appropriations, the projected shortfalls in Purchased Day Care Services and Entitlement programs. The report also reflects the approvals received for the RTE addressing the shortfalls in Purchased Client Services and Foster Care Payments.

The agency has submitted RTEs for notification of the mid-year rate adjustment for Community Based Care blended rate. The agency has also submitted RTEs requesting approval to restore FTE authority as well as funds appropriated for Community Based Care in accordance with Art II, Rider 35, Contingency for Community-based Foster Care Appropriations.

CAPITAL BUDGET ISSUES

The budget in Schedule 8 (Capital Projects) reflects the DFPS 2018-2019 capital appropriation levels, adjustments to reflect the transfer of the remaining balance in G.1.1 to a Capital project, and adjustments to reflect changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01 Federal Funds/Block Grants Fed Entitlements. Future adjustments will be reflected in Monthly Financial Reports as revenues are realized and/or actual adjusting entries are processed in the Uniform State Accounting System.

- B. This adjustment reflects the appropriation adjustment pursuant to Art II, Rider 47, Contingency for Senate Bill 1208, Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services.
- D. This adjustment reflects transfers between non-capital and capital budget items pursuant to the 85th Legislature, SB1 Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2018-19 GAA).
- F. This adjustment reflects changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements specific to capital budget items.

Ms. Sarah Hicks
Mr. John Colyandro
Ms. Ursula Parks
August 31, 2018
Page 6

- I. Pursuant to Art II, Rider 13, Limitation on Transfers: CPS and APS Direct Delivery Staff (letter dated September 7, 2017), this adjustment reflects transfers between appropriations.

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Schedule 10 contains a full listing of request for approval and notifications that DFPS has submitted for the fiscal year. The items listed below are pending.

Letter Topic Appropriation Year	HHSC/DFPS Letter Date	LBB	Governor
Notification of Fiscal Year 2018 Mid-Year Rate Adjustments for Region 3B for Community-Based Care [DFPS-2018-N-0010]	August 10, 2018	N	N
Request for Approval of DFPS Rider 35: Contingency for Community-based Foster Care Appropriations [DFPS-2018-A-0011]	August 10, 2018	N	N

Please feel free to contact me at 512/438-5152 if you have any questions or require additional information.

Sincerely,



Chad Berdoll
Deputy Chief Financial Officer

Ms. Sarah Hicks
Mr. John Colyandro
Ms. Ursula Parks
August 31, 2018
Page 7

cc: Garnet Coleman, State Representative
Allison Billodeau, Governor's Office
Jessica Olson, Lieutenant Governor's Office
Heather Fleming, Speaker's Office
Stacey Gilliam, Senate Finance Committee
Kyler Arnold, House Appropriations Committee
Liz Prado, Legislative Budget Board
Rob Coleman, Director of Fiscal Management